

Message Text

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PAGE 01 STOCKH 05426 290949Z
ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-05
TRSE-00 LAB-04 SIL-01 OMB-01 SS-15 L-03 H-01
PA-01 PRS-01 INT-05 AGRE-00 /099 W
-----029267 291511Z /43

R 290757Z DEC 77

FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 2649
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BELGRADE
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON
USMISSION GENEVA

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USOECD

USEEC

E.O. 11652: N/A

TAGS: ETRD, EIND, EC, JA, SW

SUBJ: PRELIMINARY SWEDISH REACTION TO SOLOMON TASK FORCE REPORT
ON STEEL AND TO COMMON MARKET ACTION; MIN OF COMMERCE
VISIT

REF: (A) STOCKHOLM 5381, (B) STOCKHOLM 5204

1. SWEDES ARE STILL WITHHOLDING SPECIFIC COMMENT ON SOLOMON REPORT PENDING OUTCOME OF CURRENT CALL BY IRON AND STEEL INSTITUTE REP IN WASHINGTON (REF A). HOWEVER, FOLLOWING PRELIMINARY REACTION FROM FONMIN OFFICIAL WERE PASSED IN AFTER DEC 27 MEETING OF GOS OFFICIALS.

2. SWEDES ARE NOW MORE ALARMED BY COMMON MARKET ACTION CANCELLING LICENSES ON STEEL IMPORTS, THAN BY US ACTION. SWEDES ARE INFORMED THAT ONLY THOSE SHIPMENTS ALREADY ON BOARD SHIP OR RAIL CARS AS OF DEC 20 WILL BE ALLOWED TO ENTER EC, AND REPORT FRENCH CUSTOMS HAVE ADOPTED A GO-SLOW POLICY IN ORDER TO GREATLY RESTRICT IMPORTS BEFORE JANUARY 1, 1978. DETAILS OF EC ACTION ARE NOT AS YET CLEAR TO SWEDES AS THOSE OF US SO THEY ARE AS YET UNABLE TO ESTIMATE SPECIFIC IMPACT OF EC MEASURES.

3. REGARDING SOLOMON REPORT, KEY SWEDISH INTEREST REMAINS EFFECT ON SWEDISH STEEL CURRENTLY OUTSIDE OF QUOTA BY PREVIOUS DECISION OF THE INTERNATIONAL TRADE COMMISSION. THIS ACCOUNTS FOR 50 PERCENT OF TOTAL SWEDISH STEEL EXPORTS TO US. OF LIMITED OFFICIAL USE

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EXPORTS UNDER QUOTAS, SWEDES EXPECT CONSIDERABLE SHORTFALL IN 1977 DUE TO EAST COAST DOCKWORKERS' STRIKE THIS FALL. MANY QUOTA MAY BE ONLY 40 PERCENT USED UP. WE WERE ALSO INTERESTED TO HEAR THAT SWEDES FEEL THEY WERE NOT DAMAGED BY QUOTAS UP TO NOW BECAUSE THEY HAD LARGE EXISTING INVENTORIES IN PLACE IN THE US. THOSE INVENTORIES HAVE BEEN USED UP DUE TO THE STRIKE AND THE FLEXIBILITY OF SWEDISH FIRMS TO MEET US ORDERS HAS NOW BEEN DRASTICALLY REDUCED.

4. IN THE WORLD-WIDE CONTEXT, OUR FONOFF CONTACT SAID SWEDISH PRODUCERS ARE MOST BEMUSED BY CLAIMS OF US PRODUCERS. THEY POINT OUT THAT US FIRMS ARE OPERATING AT 70 TO 75 PERCENT CAPACITY COMPARED TO 50 AND 60 PERCENT IN WESTERN EUROPE. THESE LATTER RATES ARE DISASTROUS, THEY SAY, ESPECIALLY FOR SUCH SWEDISH FIRMS AS UDDEHOLM AND FAGERSTA WHO ARE NOT FAR FROM BANKRUPTCY.

5. MINCOMMERCE BURENSTAM-LINDER CAN BE EXPECTED TO RAISE THESE ISSUES DURING HIS FORTHCOMING VISIT TO WASHINGTON. HE WILL ALSO BE ASKING SPECIFICALLY ABOUT PROGRESS OF SWEDISH REQUEST TO TRANSFER PART OF STAINLESS STEEL PLATE TO ALLOY TOOL STEEL CATEGORY. SWEDES HAVE RECEIVED INTERIM REPLY FROM ASST SEC

OF COMMERCE WEIL.
KENNEDY-MINOTT

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Message Attributes

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Control Number: n/a
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Sent Date: 29-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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